



OFFICE OF
INSURANCE COMMISSIONER

INTO 07/07/06 4:22:53

In The Matter Of:

AIG WARRANTYGUARD, INC

)
)
)
)
)
)
)

No. D06-171

CONSENT ORDER
LEVYING A FINE

Comes Now the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.110.130, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following:

FINDINGS OF FACT:

1. AIG WARRANTYGUARD, INC is a registered service contract provider is therefore governed by Chapter 48.110 RCW.
2. RCW 48.110.050 requires the registered service contract provider to indemnify all contracts issued, offered or sold to a Washington resident by one of three methods stipulated in the statute.
3. RCW 48.110.030(6) requires the registered service contract provider to report all material changes or additions to its registration information within thirty days after the end of the month in which the change or addition occurs.
4. RCW 48.110.090 requires the registered service contract provider to keep accurate accounts, books, and records concerning transactions regulated under Chapter 48.110 RCW.
5. RCW 48.110.120 allows the Office of the Insurance Commissioner to conduct investigations of service contract providers registered under the Chapter 48.110 RCW; and requires registered service contract providers to make available all accounts, books, and records upon request.
6. RCW 48.110.070 requires all service contracts issued under the Chapter to contain mandated provisions.

Based upon the foregoing Findings of Fact, the Commissioner makes the following:

CONCLUSIONS OF LAW

1. AIG WARRANTYGUARD, INC by and through the conduct described above has violated Chapter 48.110 RCW.
2. RCW 48.110.130(3) authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a registered service contract provider's registration.
3. The registrant committed the following violation(s) of Washington law:
 - a. The registrant failed to disclose in its 2004 Annual Report that certain service contracts issued to residents of Washington were indemnified through Illinois National Insurance Company.
 - b. The registrant failed to keep accurate accounts and records, as evidenced by the failure to disclose the indemnification through Illinois National Insurance Company.
 - c. Service contracts issued or sold to Washington residents by the registrant under the Wal-Mart Stores program contained a 60-day wait provision prior to submission of a claim to the reimbursement insurance company. RCW 48.110.070(2) requires the service contract holder to have the right to directly submit a claim to the reimbursement insurance company.

CONSENT TO ORDER

AIG WARRANTYGUARD, INC consents to entry of this Order, waives further administrative or judicial proceedings in this matter, and acknowledges its duty to comply fully with the applicable laws of the State of Washington. The Commissioner has offered a settlement in lieu of suspending or revoking the certificate of registration.

By agreement of the parties, the OIC will impose a fine of \$2,000.00 on condition that:

1. Within thirty days, AIG WARRANTYGUARD, INC pays to the OIC the full amount of the fine.
2. AIG WARRANTYGUARD, INC commits no further violations of the statutes and regulations that are the subject of this Consent Order.
3. AIG WARRANTYGUARD, INC voluntarily consents to this order to resolve the issues and conduct described herein and with the understanding that the payment of the amount due is a condition to avoiding suspension or revocation of the registration.

EXECUTED this 14th day of July, 2006.

AIG WARRANTYGUARD, INC

By: Matt Frankel

Printed Name: Matthew Frankel

Typed Corporate Title: President & Chief Operating Officer

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. AIG WARRANTYGUARD, INC is ordered to pay a fine in the amount of \$2,000.00 upon the condition that AIG WARRANTYGUARD, INC fully complies with the laws and regulations of the State of Washington which are the subject of this Order; and
2. Upon failure to pay the fine within the time limit set forth above or to make arrangement to provide the consumer notification as agreed, the registration of AIG WARRANTYGUARD, INC will be revoked.

ENTERED AT TUMWATER, WASHINGTON, this 31st day of July, 2006

MIKE KREIDLER,
Insurance Commissioner

By: James T. Odiome
James T. Odiome
Deputy Insurance Commissioner